

# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

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# AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Australian Securities and Investments Commission (ASIC) is an independent government body established under the *Australian Securities and Investments Commission Act 2001*.

ASIC's objectives, as set out in the *Australian Securities and Investments Commission Act 2001*, are to:

- maintain, facilitate and improve the performance of the financial system and the entities within that system in the interests of commercial certainty, reducing business costs, and the efficiency and development of the economy;
- promote the confident and informed participation of investors and consumers in the financial system;
- administer the laws that confer functions and powers on it effectively and with a minimum of procedural requirements;
- receive, process and store, efficiently and quickly, the information given to ASIC under the laws that confer functions and powers on it;
- ensure that information is available as soon as practicable for access by the public; and
- take whatever action it can take, and is necessary, in order to enforce and give effect to the laws of the Commonwealth that confer functions and powers on it.

ASIC's areas of regulatory responsibility include consumer protection and market integrity in the financial services sector, investment management (including superannuation), capital markets (including primary and secondary capital markets), corporations and their auditors and liquidators, and oversight of market operators (for example, the Australian Securities Exchange).

ASIC also operates a major public register function that provides information about Australia's 1.9 million companies, business names, financial services licensees and other professionals registered with ASIC.

ASIC also provides public and consumer education material through a variety of community outreach activities and programs, and has an enforcement and regulatory role designed to deal with misconduct, in order to promote a confident and informed market.

ASIC will continue to focus on the following priorities:

- confident and informed investors and financial consumers;
- fair and efficient financial markets; and
- efficient registration and licensing.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for ASIC.

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013**

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
<b>Ordinary annual services</b>					
<b>Departmental</b>					
Prior year departmental appropriation	74,109 <sup>5</sup>	-		74,109	-
Departmental appropriation <sup>3</sup>	-	382,103 <sup>1</sup>		382,103	372,638
Receipts from other sources (s31)	-	2,023 <sup>4</sup>		2,023	3,782
<b>Total departmental</b>	<b>74,109</b>	<b>384,126</b>		<b>458,235</b>	<b>376,420</b>
<b>Administered expenses</b>					
Outcome 1 - Assetless					
Administration fund	-	3,551 <sup>1</sup>		3,551	2,566
Ordinary annual services	-	2,778 <sup>1</sup>		2,778	-
<b>Total administered</b>	<b>-</b>	<b>6,329</b>		<b>6,329</b>	<b>2,566</b>
<b>Total ordinary annual services</b>	<b>A 74,109</b>	<b>390,455</b>		<b>464,564</b>	<b>378,986</b>
<b>Other services</b>					
<b>Departmental non-operating</b>					
Equity injections	-	11,791 <sup>2</sup>		11,791	13,934
<b>Total other services</b>	<b>B -</b>	<b>11,791</b>		<b>11,791</b>	<b>13,934</b>
<b>Total available annual appropriations (A+B)</b>	<b>74,109</b>	<b>402,246</b>		<b>476,355</b>	<b>392,920</b>
<b>Special appropriations</b>					
Banking Act 1959	-	158,956		158,956	39,693
Life Insurance Act 1995	-	14,482		14,482	4,115
<b>Total special appropriations</b>	<b>C -</b>	<b>173,438</b>		<b>173,438</b>	<b>43,808</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>	<b>74,109</b>	<b>575,684</b>		<b>649,793</b>	<b>436,728</b>

**Table 1.1: Australian Securities and Investments Commission resource statement — Budget estimates for 2013-14 as at Budget May 2013 (continued)**

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
<b>Special accounts</b>				
Opening balance <sup>6</sup>	20,086	-	20,086	-
Appropriation receipts	-	30,000	30,000	30,000
Non-appropriation receipts to special accounts	-	1,000	1,000	302,560
<b>Total special account</b>	<b>D 20,086</b>	<b>31,000</b>	<b>51,086</b>	<b>332,560</b>
<b>Total resourcing (A+B+C+D)</b>	<b>94,195</b>	<b>606,684</b>	<b>700,879</b>	<b>769,288</b>
Less appropriations drawn from annual appropriations above and credited to special accounts	-	30,000	30,000	30,000
<b>Total net resourcing for ASIC</b>	<b>94,195</b>	<b>576,684</b>	<b>670,879</b>	<b>739,288</b>

1. Appropriation Bill (No. 1) 2013-14.

2. Appropriation Bill (No. 2) 2013-14.

3. Includes \$18.7 million in 2013-14 for the Departmental Capital Budget (also refer to Table 3.2.5).

4. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.

5. Estimated adjusted balance carried from previous year for annual appropriations.

6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

### 1.3 BUDGET MEASURES

Budget measures relating to ASIC are summarised below.

**Table 1.2: Australian Securities and Investments Commission 2013-14 Budget measures**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
<b>Expense measures</b>						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	3,121	3,137	-	-
Over-the-counter derivatives market supervision						
	1.1	-	2,961	1,249	919	785
Superannuation Complaints Tribunal – additional funding						
	1.1	-	1,045	882	305	344
Targeted savings – public service efficiencies <sup>1</sup>						
	1.1	-	(780)	(677)	(585)	(454)
Tax agent services licensing regime - online registration for financial advisors						
	1.1	-	-	109	110	111
<b>Total expense measures</b>		-	6,347	4,700	749	786
<b>Related capital</b>						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	1,591	-	-	-
Tax agent services licensing regime - online registration for financial advisors						
	1.1	-	1,020	-	-	-
<b>Total related capital</b>		-	2,611	-	-	-
<b>Related revenue</b>						
Australian Securities and Investments						
Commission client contact centre – National Business Names registration system						
	1.1	-	2,233	2,233	2,233	2,233
<b>Total related revenue</b>		-	2,233	2,233	2,233	2,233

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

ASIC's outcome is described below together with its related programs specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of ASIC.

**Outcome 1: Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems**

#### **Outcome 1 strategy**

The strategy under Outcome 1 focuses on:

- confident and informed investors and financial consumers, focusing on education, holding gatekeepers to account, and consumer behaviour;
- fair and efficient financial markets through ASIC's role in market supervision, market competition and corporate governance; and
- efficient registration and licensing with a focus on small business.

## Outcome 1 Budgeted resources

Table 2.1 provides an overview of the total resources for Outcome 1.

**Table 2.1: Budgeted resources for Outcome 1**

	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
<b>Outcome 1:</b> Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems		
<b>Program 1.1: Australian Securities and Investments Commission</b>		
Departmental expenses		
Departmental appropriation	362,252	363,267
Expenses not requiring appropriation in the budget year	53,997	46,015
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,566	5,551
Expenses not requiring appropriation in the budget year	35,607	36,000
<b>Total for Program 1.1</b>	<b>454,422</b>	<b>450,833</b>
<b>Program 1.2: Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts</b>		
Administered expenses		
Companies unclaimed monies - section 28 of the FMA Act	7,188	7,683
Ordinary annual services (Appropriation Bill No. 1)	4,619	-
Administered expenses		
Special appropriations		
<i>Banking Act 1959</i> - Banking Unclaimed Moneys	53,377	43,265
<i>Life Insurance Act 1995</i> - Life Unclaimed Moneys	5,422	4,485
Total special appropriations	58,799	47,750
<b>Total for Program 1.2</b>	<b>70,606</b>	<b>55,433</b>
<b>Outcome 1 totals by appropriation type</b>		
Departmental expenses		
Departmental appropriation	362,252	363,267
Expenses not requiring appropriation in the budget year	53,997	46,015
Administered expenses		
Companies unclaimed monies - section 28 of the FMA Act	7,188	7,683
Ordinary annual services (Appropriation Bill No. 1)	7,185	5,551
Special appropriations	58,799	47,750
Expenses not requiring appropriation in Budget year	35,607	36,000
<b>Total expenses for Outcome 1</b>	<b>525,028</b>	<b>506,266</b>
	2012-13	2013-14
<b>Average staffing level (number)</b>	<b>1,830</b>	<b>1,834</b>

## Contributions to Outcome 1

### Program 1.1: Australian Securities and Investments Commission

#### Program objective

Program 1.1 contributes to Outcome 1 by improving industry behaviour where market integrity and consumer confidence are most at risk, by helping consumers and retail investors make well-informed decisions in the financial economy, and supervising Australia's financial markets.



This program also seeks to improve ASIC's registry and stakeholder services by developing initiatives for business and consumer stakeholders to simplify and reduce the cost of interactions with ASIC.

### **Program expenses**

There are no significant changes to estimates across the forward years.

**Table 2.2: Program 1.1 expenses**

	2012-13 Revised budget \$'000	2013-14 Budget estimate \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	362,252	363,267	354,237	351,428	354,857
Expenses not requiring appropriation	53,997	46,015	38,477	32,471	21,281
Annual administered expenses					
Ordinary annual services	2,566	5,551	5,842	6,150	4,236
Expenses not requiring appropriation	35,607	36,000	36,399	36,804	37,213
<b>Total program expenses</b>	<b>454,422</b>	<b>450,833</b>	<b>434,955</b>	<b>426,853</b>	<b>417,587</b>

### **Program deliverables**

ASIC will deliver this objective through engagement with industry and stakeholders, surveillance, guidance, education, enforcement activities, and policy advice.

Program deliverables are focused under each strategic priority.

#### **Confident and informed investors and financial consumers**

Deliverables are designed to:

- educate investors and promote information about risk, reward and diversification so they can make informed investment decisions;
- hold people with a trusted role in the financial system (gatekeepers such as auditors, directors, advisers, custodians, product manufacturers and distributors, market operators and participants) to account if they are not meeting their obligations; and
- recognise how investors and financial consumers make decisions.

#### **Fair and efficient financial markets**

Deliverables focus on:

- supervising equities and derivatives markets for instances of market misconduct;
- supervising market operators for compliance with statutory obligations;

- promoting good corporate governance; and
- holding people with a trusted role in the financial system to account if they are not meeting their obligations.

### **Efficient registration and licensing**

Deliverables seek to:

- provide stakeholders with modern, efficient, accurate and cost effective corporate register and licensing systems;
- improve public access to information about registered and licensed entities;
- reduce costs and red tape for business by making it easier to transact with ASIC; and
- administer the law to enhance commercial certainty and reduce business costs.

### **Program key performance indicators**

ASIC measures performance by considering how effective it is in delivering against a range of more detailed outcomes under each strategic priority. Measures incorporate both internal regulatory activity and stakeholder feedback.

### **Confident and informed investors and consumers**

- investors and consumers can make informed decisions;
- product issuers, credit providers and financial/credit advisers meet required standards;
- fair and efficient processes for resolution of disputes; and
- misconduct is dealt with and deterred.

### **Fair and efficient financial markets**

- participants in financial markets meet required standards;
- financial markets are orderly and efficient;
- issuers and their officers meet required standards; and
- misconduct is dealt with and deterred.

### **Efficient licensing and registration**

- registration and licensing is efficient, accurate and cost effective for business;

- business complies with ongoing registration and licensing obligations;
- the public has easy access to information to ASIC registers; and
- misconduct is dealt with and deterred.

**Program 1.2: *Banking Act 1959, Life Insurance Act 1995, unclaimed monies and special accounts***

**Program objective**

ASIC is responsible for the administration of unclaimed money from banking and deposit taking institutions and life insurance institutions.

**Program expenses**

There are no significant changes to estimates across the forward years.

**Table 2.3: Program 1.2 expenses**

	2012-13 Revised budget \$'000	2013-14 Budget estimate \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual administered expenses:					
Special appropriations	58,799	47,750	52,047	56,731	62,404
Ordinary annual services	4,619	-	-	-	1,894
Section 28 of the FMA Act	7,188	7,683	8,571	5,386	-
<b>Total program expenses</b>	<b>70,606</b>	<b>55,433</b>	<b>60,618</b>	<b>62,117</b>	<b>64,298</b>

**Program deliverables**

Provide an accurate register of unclaimed money and special accounts administered by ASIC.

**Program key performance indicators**

ASIC has the following key performance indicators:

- ensure that refunds of unclaimed monies are paid to successful claimants promptly; and
- ensure that payments of monies from special accounts are paid out promptly in accordance with the specified purposes or appropriate legislation.

## Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, special accounts and Australian Government indigenous expenditure.

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Movement of administered funds between years

ASIC has not moved any administered funds between years.

#### 3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by ASIC.

**Table 3.1.2: Estimates of special account cash flows and balances**

	Outcome	Opening balance <b>2013-14</b> 2012-13 \$'000	Receipts		Payments <b>2013-14</b> 2012-13 \$'000	Closing balance <b>2013-14</b> 2012-13 \$'000
			non- appropriated <b>2013-14</b> 2012-13 \$'000	Receipts appropriated <b>2013-14</b> 2012-13 \$'000		
ASIC Deregistered Companies						
Trust Moneys Special Account(D)	1	- 1,011	<b>1,000</b> 1,000	- -	<b>1,000</b> 2,011	- -
ASIC Investigations, Legal Proceedings, Settlements and Court Orders Special Account(D)	1	- 11,019	- -	- -	- 11,019	- -
ASIC Security Deposits Special Account(D)	1	- 384	- -	- -	- 384	- -
Companies and Unclaimed Moneys Special Account(A)	1	- 7,096	- 301,560	- -	- 308,656	- -
Enforcement Special Account(D)	1	<b>20,086</b> 20,086	- -	<b>30,000</b> 30,000	<b>30,000</b> 30,000	<b>20,086</b> 20,086
<b>Total special accounts 2013-14 Budget estimate</b>		<b>20,086</b>	<b>1,000</b>	<b>30,000</b>	<b>31,000</b>	<b>20,086</b>
Total special accounts 2012-13 estimate actual		39,596	302,560	30,000	352,070	20,086

(A) = Administered.  
(D) = Departmental.

### 3.1.3 Australian Government Indigenous Expenditure

**Table 3.1.3: Australian Government Indigenous Expenditure**

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	<b>Australian Securities and Investments Commission Departmental 2013-14</b>	<b>725</b>	-	-			
<i>Departmental 2012-13</i>	<i>704</i>	-	-	<i>704</i>	-	<i>704</i>	<i>1.1</i>

## 3.2 BUDGETED FINANCIAL STATEMENTS

### 3.2.1 Differences in agency resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

### 3.2.2 Analysis of budgeted financial statements

#### Budgeted departmental income statement

ASIC is budgeting for a break-even operating result for 2013-14 and for the remainder of the forward estimates, after adding back non-appropriated depreciation and amortisation expenses.

Total revenue and expenses (excluding depreciation) are estimated to be \$365.6 million for 2013-14. The expenditure will be used to fund activities that contribute towards achieving the outcome and program objectives outlined in Section 2.

#### Budgeted departmental balance sheet

This statement shows the financial position of ASIC. It helps decision-makers to track the management of ASIC's assets and liabilities.

ASIC's budgeted equity (or net asset position) for 2013-14 is \$123.7 million.

The 2013-14 equity position reflects the cumulative effect of capital injections of \$30.5 million received during 2013-14.

#### Budgeted departmental statement of cash flows

The budgeted statement of cash flows provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

#### Departmental statement of changes in equity — summary of movement

This statement shows the changes in the equity position of ASIC. It helps decision-makers to track the management of ASIC's equity.

### **Departmental Capital Budget statement**

This statement shows details of capital appropriations received by ASIC. It helps decision-makers to track the acquisition of new non-financial assets.

### **Statement of asset movements — departmental**

This statement shows details of gross asset movements during the year. It helps decision-makers to analyse movements of non-financial assets.

### **Schedule of administered activity**

#### **Schedule of budgeted income and expenses administered on behalf of government**

The schedule of budgeted income and expenses administered on behalf of government shows the revenue and expenses associated with the collection of revenue under the *Corporations Act 2001* and ASIC's responsibilities in administering unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and section 28 of the *Financial Management and Accountability Act 1997* (FMA Act).

Other non-taxation revenue represents the amount of fees and charges budgeted to be levied under the *Corporations Act 2001* and estimated receipts of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

Expenses represent budgeted payments of unclaimed monies, refund of overpaid fees and charges levied under the *Corporations Act 2001*, bad debt expense, administered advertising expenses and grant payments to registered insolvency practitioners to investigate breaches of directors' duties and fraudulent conduct.

#### **Schedule of budgeted assets and liabilities administered on behalf of government**

The amount shown for receivables in 2013-14 and in the forward estimates is the estimated amount of fees and charges under the *Corporations Act 2001* remaining unpaid at 30 June.

The amounts shown in other payables for 2013-14 and the forward estimates represent the estimated amount of refunds relating to the overpayments of annual review and other fees under the *Corporations Act 2001*, estimated claims payable under the *Banking Act 1959* and the *Life Insurance Act 1995* and companies unclaimed monies under section 28 of the FMA Act.

#### **Schedule of budgeted administered cash flows**

Budgeted administered cash flows provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)  
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>EXPENSES</b>					
Employee benefits	229,432	237,571	231,923	233,261	235,658
Supplier	132,320	125,196	121,814	117,667	118,699
Finance costs	500	500	500	500	500
Depreciation and amortisation	53,997	46,015	38,477	32,471	21,281
<b>Total expenses</b>	<b>416,249</b>	<b>409,282</b>	<b>392,714</b>	<b>383,899</b>	<b>376,138</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	2,015	1,188	1,204	1,282	3,487
Other revenue	5,768	835	840	865	865
<b>Total revenue</b>	<b>7,783</b>	<b>2,023</b>	<b>2,044</b>	<b>2,147</b>	<b>4,352</b>
<b>Gains</b>					
Other	172	172	172	172	172
<b>Total gains</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>	<b>172</b>
<b>Total own-source income</b>	<b>7,955</b>	<b>2,195</b>	<b>2,216</b>	<b>2,319</b>	<b>4,524</b>
<b>Net cost of (contribution by) services</b>	<b>408,294</b>	<b>407,087</b>	<b>390,498</b>	<b>381,580</b>	<b>371,614</b>
Appropriation revenue	356,887	363,362	354,311	351,399	352,623
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(51,407)</b>	<b>(43,725)</b>	<b>(36,187)</b>	<b>(30,181)</b>	<b>(18,991)</b>
<b>Note: Impact of net cash appropriation arrangements</b>					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations	(51,707)	(43,725)	(36,187)	(30,181)	(18,991)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(51,407)</b>	<b>(43,725)</b>	<b>(36,187)</b>	<b>(30,181)</b>	<b>(18,991)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet  
(as at 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	5,016	6,170	6,170	6,170	6,170
Trade and other receivables	83,291	78,561	76,875	78,237	78,737
<b>Total financial assets</b>	<b>88,307</b>	<b>84,731</b>	<b>83,045</b>	<b>84,407</b>	<b>84,907</b>
<b>Non-financial assets</b>					
Land and buildings	49,256	43,741	38,509	40,401	34,971
Infrastructure, plant and equipment	20,680	18,494	16,626	15,461	15,050
Intangibles	119,170	111,388	96,972	88,415	96,210
Other	8,894	8,991	9,090	9,191	9,191
<b>Total non-financial assets</b>	<b>198,000</b>	<b>182,614</b>	<b>161,197</b>	<b>153,468</b>	<b>155,422</b>
<b>Total assets</b>	<b>286,307</b>	<b>267,345</b>	<b>244,242</b>	<b>237,875</b>	<b>240,329</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	49,189	49,079	49,658	52,027	52,027
Other	13,516	13,808	13,471	13,781	13,781
<b>Total provisions</b>	<b>62,705</b>	<b>62,887</b>	<b>63,129</b>	<b>65,808</b>	<b>65,808</b>
<b>Payables</b>					
Suppliers	51,988	49,208	49,206	48,823	48,823
Other	34,728	31,557	28,146	24,428	20,638
<b>Total payables</b>	<b>86,716</b>	<b>80,765</b>	<b>77,352</b>	<b>73,251</b>	<b>69,461</b>
<b>Total liabilities</b>	<b>149,421</b>	<b>143,652</b>	<b>140,481</b>	<b>139,059</b>	<b>135,269</b>
<b>Net assets</b>	<b>136,886</b>	<b>123,693</b>	<b>103,761</b>	<b>98,816</b>	<b>105,060</b>
<b>EQUITY</b>					
Contributed equity	232,149	262,681	278,936	304,172	329,407
Reserves	9,213	9,213	9,213	9,213	9,213
Retained surpluses or accumulated deficits	(104,476)	(148,201)	(184,388)	(214,569)	(233,560)
<b>Total equity</b>	<b>136,886</b>	<b>123,693</b>	<b>103,761</b>	<b>98,816</b>	<b>105,060</b>
<b>Current assets</b>	<b>97,201</b>	<b>93,722</b>	<b>92,135</b>	<b>93,598</b>	<b>94,098</b>
<b>Non-current assets</b>	<b>189,106</b>	<b>173,623</b>	<b>152,107</b>	<b>144,277</b>	<b>146,231</b>
<b>Current liabilities</b>	<b>76,058</b>	<b>69,663</b>	<b>66,210</b>	<b>63,421</b>	<b>61,131</b>
<b>Non-current liabilities</b>	<b>73,363</b>	<b>73,989</b>	<b>74,271</b>	<b>75,638</b>	<b>74,138</b>

Prepared on Australian Accounting Standards basis.



**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	2,015	1,188	1,204	1,282	3,487
Appropriations	363,777	368,092	355,997	350,037	352,123
GST received	12,555	15,986	15,309	15,608	13,971
Other	1,767	835	840	865	865
<b>Total cash received</b>	<b>380,114</b>	<b>386,101</b>	<b>373,350</b>	<b>367,792</b>	<b>370,446</b>
<b>Cash used</b>					
Employees	237,653	237,389	231,681	230,582	235,658
Suppliers	133,265	131,572	125,404	122,197	120,527
GST Paid	12,555	15,986	15,309	15,608	13,971
Cash used other	40	-	250	-	2,290
<b>Total cash used</b>	<b>383,513</b>	<b>384,947</b>	<b>372,644</b>	<b>368,387</b>	<b>372,446</b>
<b>Net cash from or (used by) operating activities</b>	<b>(3,399)</b>	<b>1,154</b>	<b>706</b>	<b>(595)</b>	<b>(2,000)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	30,086	30,532	16,961	24,641	23,235
<b>Total cash used</b>	<b>30,086</b>	<b>30,532</b>	<b>16,961</b>	<b>24,641</b>	<b>23,235</b>
<b>Net cash from or (used by) investing activities</b>	<b>(30,086)</b>	<b>(30,532)</b>	<b>(16,961)</b>	<b>(24,641)</b>	<b>(23,235)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	29,724	30,532	16,255	25,236	25,235
<b>Total cash received</b>	<b>29,724</b>	<b>30,532</b>	<b>16,255</b>	<b>25,236</b>	<b>25,235</b>
<b>Net cash from or (used by) financing activities</b>	<b>29,724</b>	<b>30,532</b>	<b>16,255</b>	<b>25,236</b>	<b>25,235</b>
<b>Net increase or (decrease) in cash held</b>	<b>(3,761)</b>	<b>1,154</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	8,777	5,016	6,170	6,170	6,170
<b>Cash at the end of the reporting period</b>	<b>5,016</b>	<b>6,170</b>	<b>6,170</b>	<b>6,170</b>	<b>6,170</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2013</b>					
Balance carried forward from previous period	(104,476)	9,213	-	232,149	136,886
<b>Adjusted opening balance</b>	(104,476)	9,213	-	232,149	136,886
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(43,725)	-	-	-	(43,725)
<b>Total comprehensive income recognised directly in equity</b>	(43,725)	-	-	-	(43,725)
<b>Transactions with owners</b>					
<i>Contributions by owners</i>					
Appropriation (equity injection)	-	-	-	11,791	11,791
Appropriation (departmental capital budget)	-	-	-	18,741	18,741
<b>Total transactions with owners</b>	-	-	-	30,532	30,532
<b>Estimated closing balance as at 30 June 2014</b>	(148,201)	9,213	-	262,681	123,693

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget (DCB) statement**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	15,790	18,741	10,305	24,795	25,235
Equity injections - Bill 2	13,934	11,791	5,950	441	-
<b>Total new capital appropriations</b>	29,724	30,532	16,255	25,236	25,235
<b>Provided for:</b>					
Purchase of non-financial assets	29,724	30,532	16,223	24,641	23,235
Other items	-	-	32	595	2,000
<b>Total Items</b>	29,724	30,532	16,255	25,236	25,235
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	12,946	11,791	5,950	441	-
Funded by capital appropriation - DCB	15,750	18,741	10,023	24,200	23,235
Funded internally from departmental resources	1,390	-	988	-	-
<b>TOTAL</b>	30,086	30,532	16,961	24,641	23,235
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	30,086	30,532	16,961	24,641	23,235
<b>Total cash used to acquire assets</b>	30,086	30,532	16,961	24,641	23,235

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2013</b>				
Gross book value	92,426	55,282	238,098	385,806
Accumulated depreciation/amortisation and impairment	43,170	34,602	118,928	196,700
<b>Opening net book balance</b>	<b>49,256</b>	<b>20,680</b>	<b>119,170</b>	<b>189,106</b>
<b>Capital asset additions</b>				
By purchase - appropriation ordinary annual services	2,568	3,820	24,144	30,532
<b>Total asset additions</b>	<b>2,568</b>	<b>3,820</b>	<b>24,144</b>	<b>30,532</b>
<b>Other movements</b>				
Depreciation/amortisation expense	8,083	6,006	31,926	46,015
<b>Total other movements</b>	<b>8,083</b>	<b>6,006</b>	<b>31,926</b>	<b>46,015</b>
<b>As at 30 June 2014</b>				
Gross book value	94,994	59,102	262,242	416,338
Accumulated depreciation/amortisation and impairment	51,253	40,608	150,854	242,715
<b>Closing net book balance</b>	<b>43,741</b>	<b>18,494</b>	<b>111,388</b>	<b>173,623</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	2,566	3,551	3,573	3,605	3,640
Write down and impairment of assets	35,607	36,000	36,399	36,804	37,213
Interest expense	19,610	-	-	-	7,567
Supply of goods and services expense	-	2,000	2,269	2,545	596
Other	50,996	55,433	60,618	62,117	56,731
<b>Total expenses administered on behalf of government</b>	<b>108,779</b>	<b>96,984</b>	<b>102,859</b>	<b>105,071</b>	<b>105,747</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Non-taxation revenue</b>					
Other sources of non-taxation revenues	1,071,117	835,360	855,230	874,770	890,018
<b>Total non-taxation revenue</b>	<b>1,071,117</b>	<b>835,360</b>	<b>855,230</b>	<b>874,770</b>	<b>890,018</b>
<b>Total own-source revenues administered on behalf of Government on behalf of government</b>	<b>1,071,117</b>	<b>835,360</b>	<b>855,230</b>	<b>874,770</b>	<b>890,018</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>1,071,117</b>	<b>835,360</b>	<b>855,230</b>	<b>874,770</b>	<b>890,018</b>
<b>Net Cost of (contribution by) services</b>	<b>(962,338)</b>	<b>(738,376)</b>	<b>(752,371)</b>	<b>(769,699)</b>	<b>(784,271)</b>
<b>Surplus (Deficit)</b>	<b>962,338</b>	<b>738,376</b>	<b>752,371</b>	<b>769,699</b>	<b>784,271</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	3,410	3,410	3,410	3,410	3,410
Receivables	101,397	102,024	100,826	99,526	98,160
<b>Total assets administered on behalf of government</b>	<b>104,807</b>	<b>105,434</b>	<b>104,236</b>	<b>102,936</b>	<b>101,570</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Suppliers	761	761	761	761	761
Other payables	347,648	213,602	138,945	98,028	79,086
<b>Total liabilities administered on behalf of government</b>	<b>348,409</b>	<b>214,363</b>	<b>139,706</b>	<b>98,789</b>	<b>79,847</b>
<b>Net assets/(liabilities)</b>	<b>(243,602)</b>	<b>(108,929)</b>	<b>(35,470)</b>	<b>4,147</b>	<b>21,723</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Net GST received	324	323	325	328	331
Other	1,338,685	814,580	830,690	845,910	836,180
<b>Total cash received</b>	<b>1,339,009</b>	<b>814,903</b>	<b>831,015</b>	<b>846,238</b>	<b>836,511</b>
<b>Cash used</b>					
Grants	2,566	3,551	3,573	3,605	3,640
Other	37,098	208,001	149,670	114,168	67,644
Net GST paid	324	323	325	328	331
<b>Total cash used</b>	<b>39,988</b>	<b>211,875</b>	<b>153,568</b>	<b>118,101</b>	<b>71,615</b>
<b>Net cash from or (used by) operating activities</b>	<b>1,299,021</b>	<b>603,028</b>	<b>677,447</b>	<b>728,137</b>	<b>764,896</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	68,380	218,552	159,243	123,773	95,275
<b>Total cash received</b>	<b>68,380</b>	<b>218,552</b>	<b>159,243</b>	<b>123,773</b>	<b>95,275</b>
<b>Cash used</b>					
Cash to Official Public Account	1,365,364	821,580	836,690	851,910	860,171
<b>Total cash used</b>	<b>1,365,364</b>	<b>821,580</b>	<b>836,690</b>	<b>851,910</b>	<b>860,171</b>
<b>Net cash from or (used by) financing activities</b>	<b>(1,296,984)</b>	<b>(603,028)</b>	<b>(677,447)</b>	<b>(728,137)</b>	<b>(764,896)</b>
<b>Net increase or (decrease) in cash held</b>	<b>2,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	1,373	3,410	3,410	3,410	3,410
<b>Cash at end of reporting period</b>	<b>3,410</b>	<b>3,410</b>	<b>3,410</b>	<b>3,410</b>	<b>3,410</b>

Prepared on Australian Accounting Standards basis.

### 3.2.4 Notes to the financial statements

#### Basis of accounting

The budgeted financial statements have been prepared on an Australian Accounting Standards basis.

#### Budgeted agency financial statements

Under the Australian Government's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions that agencies do not have control over (administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include

employee and supplier expenses and other administrative costs which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Australian Government according to set government directions. Administered expenses and administered revenues include fees, fines and expenses that have been earmarked for a specific purpose by the Australian Government.

### **Appropriations in the accrual budgeting framework**

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- departmental appropriations representing the Australian Government's purchase of programs from agencies;
- departmental capital appropriations for investments by the Australian Government for either additional equity or loans in agencies;
- administered expense appropriations for the estimated administered expenses relating to an existing outcome or a new outcome; and
- administered capital appropriations for increases in administered equity through funding non-expense administered payments.

### **Departmental**

#### **Asset valuation**

ASIC has adopted fair value as a basis for valuing its leasehold improvements and plant and equipment. Valuation is conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date.

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition.

#### **Leases**

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the lower of fair value or the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the income statement on a basis that is representative of the pattern of benefits derived from the lease assets.

#### Depreciation and amortisation

Computer equipment and plant and equipment is depreciated using the straight-line method. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) are reviewed at each balance date and necessary adjustments are recognised receivables.

#### Receivables

A provision is raised for any doubtful debts based on a review of the collectability of all outstanding accounts as at year-end.

Bad debts are written off during the year in which they are identified.

#### Provisions and payables

Provisions and payables represent liabilities for miscellaneous accruals and employee benefits, including accrued salary and leave entitlements, provisions for making good leased premises and lease incentives. No provision for sick leave is required as all sick leave is non-vesting.

### **Administered**

#### **Schedule of budgeted revenues and expenses administered on behalf of government**

##### Revenues

Non-taxation revenues are predominately comprised of *Corporations Act 2001* fees and charges, and collections of unclaimed monies under the *Banking Act 1959*, the *Life Insurance Act 1995* and the *Corporations Act 2001*.

##### Write-down and impairment of assets

Write-down and impairment of assets represents waivers and write-offs of corporations law fees.



**Schedule of budgeted assets and liabilities administered on behalf of government**

Financial assets

The financial assets include *Corporations Act 2001* debt invoiced and still outstanding at year-end.

**Schedule of budgeted administered cash flows**

All cash collected by ASIC for corporations law revenue is transferred to the Official Public Account (OPA) at the close of business each day. Cash collected for *Banking Act 1959* unclaimed monies, *Life Insurance Act 1995* unclaimed monies and *Corporations Act 2001* unclaimed monies is transferred to the OPA when received.

